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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

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SAFE-E-641-80 DD *ES*

31 Jan 1980 *FYI in case you haven't had a chance to read this.*
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SUBJECT: Action Item B23--Impact of Non-Compatibility of
SAFE GLOBAL ADPE with Installed Governemnt ADPE

REFERENCE: SAF-E012-80, Letter to [redacted]
from [redacted] Subject: Use of Life-Cycle
Costing in the SAFE ADPE Proposal Evaluation,
dtd. 14 January 1980

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Dear [redacted]

This letter is in response to Action Item B23, in which the Government was to evaluate the impact of SAFE GLOBAL ADPE not being compatible with installed CIA/ODP and DIA/RSO ADPE.

Over the last several months, the Government has been involved in a detailed evaluation of this impact. The results of this evaluation are three cost adjustment factors that are to be added, depending on system architecture, to the systems life evaluation cost (see reference) of SAFE GLOBAL ADPE. These factors represent a dollar estimate of the cost incurred by the Government for GLOBAL SAFE incompatibility with installed ADPE architecture(s). For the purposes of this analysis, prospective SAFE GLOBAL ADPE has been divided into three architecture categories: IBM-compatible, Honeywell-compatible and "Other" (e.g., Univac, Burroughs, etc.). The cost adjustment factor developed for each of these architecture categories is provided in the attachment. The final impact of these adjustments in selection is of course dependent on the weight of cost versus technical and other criteria in the overall evaluation scheme.

These cost adjustment factors and resulting adjustments are made up of additional training costs, loss of support personnel sharing benefits associated with a compatible architecture and, for the DIA, certain conversion costs associated with their installed Honeywell and IBM 360 systems. Additional details are on file in CSPO.

The cost adjustment factors we have developed are considered conservative measures of the cost impact of an architecture. The Government acknowledges the difficulty of providing meaningful cost estimates in this type of situation. To the best of the Government's ability, the proposed cost adjustment factors represent a balance between the estimated real resource impact to Government programs and the Government's desire for a free and open competitive procurement. We believe the cost factors have been fairly developed and will permit maximum competition for SAFE ADPE, ensuring meanwhile that the Government realizes a cost savings to (partially) offset the full and real cost associated with architectures not compatible with installed ADPE.

The RFP and Evaluation Plan should, therefore, be written to reflect the cost adjustment factors described in the attachment. The cost adjustment factors depend on vendor architecture and are to be treated as costs incurred in Mid-FY83 in constructing the systems life evaluation cost of a proposed GLOBAL configuration. The Government is developing appropriate language for the RFP to explain to the marketplace the rationale behind the factors. If you have any question on these factors please direct them to [redacted] of CSPO. In addition, if you have any questions on the impact of the use of these factors on the Government [redacted] contract, please contact [redacted] [redacted] the Government's Contracting Officer.

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Sincerely,

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[redacted]

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Attachment: Analysis of Cost of
Non-Compatibility

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Cost of Non-Compatibility

Cost Adjustment Factors to Reflect Additional Government Costs
Due to Non-Compatibility with Existing CIA/ODP and/or DIA/RSP ADPE

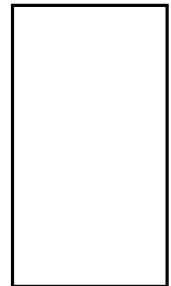
If SAFE GLOBAL Architecture Is:

Add this Cost to GLOBAL
ADPE Systems Life Evaluation
Cost

(In Thousands of Mid-FY83 \$)

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- I. IBM-Compatible
- II. Honeywell
- III. Other
(Non-IBM-Compatible and
Non-Honeywell)



* Systems Life Evaluation Cost for the GLOBAL systems includes FOC mainframes and peripherals, software and maintenance services over the systems life (see SAF-E012-80). Cost adjustment factors are treated as a cost incurred in Mid-FY83 (i.e., 1 April 1983) in determining the overall present value discounted cost.

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